

A BILL

i n t i t u l e d

An Act to amend the Customs Act 1967.

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ENACTED by the Parliament of Malaysia as follows:

Short title and commencement

1. (1) This Act may be cited as the Customs (Amendment) Act 2024.

(2) This Act comes into operation on a date to be appointed by the Minister by notification in the *Gazette*.

Amendment of section 2

2. The Customs Act 1967 [*Act 235*], which is referred to as the “principal Act” in this Act, is amended—

(a) in subsection 2(1), by inserting after the definition of “public ruling” the following definition:

‘ “Pulau 1” means Pulau 1, Forest City situated in the Mukim of Tanjung Kupang, District of Johor Bahru, Johore as shown in the *Gazette* Plan PW50276 deposited in the Office of the Director of Survey and Mapping, Johore;’ and

(b) in subsection 2(1B), in the definition of “principal customs area”, by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

Amendment of section 154

3. Section 154 of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

Amendment of section 155

4. Subsection 155(2) of the principal Act is amended by substituting for the words “Subsections 11(2), (3), (4) and (5)” the words “Subsection 11(2)”.

Amendment of section 163A

5. Section 163A of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

Amendment of section 163B

6. Subsection 163B(2) of the principal Act is amended by substituting for the words “Subsections 11(2), (3), (4) and (5)” the words “Subsection 11(2)”.

Amendment of section 163J

7. Section 163J of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

Amendment of section 163k

8. Subsection 163k(2) of the principal Act is amended by substituting for the words “Subsections 11(2), (3), (4) and (5)” the words “Subsection 11(2)”.

Amendment of section 163q

9. Section 163q of the principal Act is amended in the definition of “principal customs area” by substituting for the words “and Pangkor” the words “, Pangkor and Pulau 1”.

Amendment of section 163r

10. Subsection 163r(2) of the principal Act is amended by substituting for the words “Subsections 11(2), (3), (4) and (5)” the words “Subsection 11(2)”.

New Part XIXE

11. The principal Act is amended by inserting after section 163w the following part:

“PART XIXE

SPECIAL PROVISIONS DEALING WITH PULAU 1

Interpretation

163x. In this Part, unless the context otherwise requires, “principal customs area” means Malaysia exclusive of Labuan, Langkawi, Tioman, Pangkor and Pulau 1.

Retail trade in Pulau 1

163y. (1) No person shall sell by retail any goods declared by the Minister under paragraph 163z(1)(a) in Pulau 1 without approval of the Minister.

(2) An application for the approval under subsection (1) shall be made in the manner as prescribed by the Minister in the regulations.

(3) Any person who contravenes this section shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding three years or to both.

Customs duties relating to Pulau 1

163z. (1) Import duty shall be payable upon—

- (a) all dutiable goods imported into Pulau 1, other than goods which the Minister may from time to time declare by order published in the *Gazette*; and
- (b) all goods declared by the Minister under paragraph (a), transported to the principal customs area from Pulau 1 as if such transportation to the principal customs area were importation into Malaysia.

(2) Export duty shall be payable upon all dutiable goods transported from the principal customs area to Pulau 1 as if such transportation from the principal customs area were exportation from Malaysia.

(3) The Minister may by order, prescribe the meaning of the word “value” in relation to goods transported to the principal customs area from Pulau 1.

(4) Subsection 11(2) shall apply to any order made by the Minister under subsection (1).

(5) Nothing in this section shall render inapplicable to Pulau 1 any other customs duty which may be fixed by the Minister under subsection 11(1).

Transportation of goods to or from Pulau 1 from or to the principal customs area

163AA. Where goods are transported—

- (a) from Pulau 1 to the principal customs area; or

(b) from the principal customs area to Pulau 1,

the provisions of this Act, other than sections 81, 82, 83, 84, 85, 86 and 87 and paragraph 87A(1)(b), shall with such modifications and adaptations as may be necessary, apply as if such goods were imported into or, as the case may be, exported from, the principal customs area from or to a place outside Malaysia, and without prejudice to the above generality, Part XII shall apply to goods transported to or from Pulau 1 from or to the principal customs area and to persons and vehicles, vessels and aircrafts transporting such goods.

Declaration of goods transported from Pulau 1 into the principal customs area

163AB. The person in charge of any vehicle, vessel or aircraft on which goods are transported from Pulau 1 to the principal customs area shall make a declaration in the form and manner as determined by the Director General.

Dutiable goods to be deemed to be non-dutiable while in Pulau 1

163AC. Except for the purposes of section 48, any goods declared by the Minister under paragraph 163z(1)(a) shall, while in Pulau 1, be deemed to be non-dutiable goods and the provisions of this Act shall be construed accordingly.

Collection of duties

163AD. In making regulations under section 142, the Minister may provide for the collection of the customs duties payable in respect of goods—

(a) imported into or exported from Pulau 1; and

(b) transported or about to be transported from or to Pulau 1 to or from the principal customs area.

Application of Part X to goods transported to Pulau 1

163AE. The provisions of Part X which deals with drawback shall apply to goods declared by the Minister under paragraph 163z(1)(a), transported from the principal customs area to Pulau 1 as if such goods had been exported.”.

EXPLANATORY STATEMENT

This Bill seeks to amend the Customs Act 1967 (“Act 235”). It aims to promote Pulau 1, Forest City situated in the Mukim of Tanjung Kupang, District of Johor Bahru, Johore, as well as to enhance the economic growth within the area by introducing special tax provisions dealing with the area into Act 235. This Bill also seeks to provide that Pulau 1 will no longer be part of the principal customs area similar to Labuan, Langkawi, Tioman and Pangkor. To achieve the desired outcomes, subsequent amendments will also be made to the Excise Act 1976 [*Act 176*], Free Zones Act 1990 [*Act 438*], Sales Tax Act 2018 [*Act 806*] and Service Tax Act 2018 [*Act 807*].

2. *Clause 1* contains the short title and the provision on the commencement of the proposed Act.
3. *Clause 2* seeks to amend section 2 of Act 235.

Paragraph 2(a) seeks to amend subsection 2(1) of Act 235 to introduce the new definition of “Pulau 1” into Act 235.

Paragraph 2(b) seeks to amend subsection 2(1B) of Act 235 to exclude Pulau 1 from the definition of “principal customs area”.

4. *Clauses 3, 5, 7 and 9* seek to amend sections 154, 163A, 163J and 163Q of Act 235 to exclude Pulau 1 from the definition of “principal customs area” under those provisions consequent to the proposed amendment of subsection 2(1B) of Act 235.
5. *Clauses 4, 6, 8 and 10* seek to amend subsections 155(2), 163B(2), 163K(2) and 163R(2) of Act 235 consequent to the deletion of subsections 11(3), (4) and (5) of Act 235 by the Finance Act (No. 2) 2023 [*Act 851*].
6. *Clause 11* seeks to introduce new Part XIXE which deals with Pulau 1 into Act 235.

The proposed new section 163x seeks to provide for the definition of “principal customs area”.

The proposed new section 163Y seeks to prohibit the selling by retail of any goods declared by the Minister under the proposed paragraph 163z(1)(a) in Pulau 1 without prior approval of the Minister.

The proposed new section 163z seeks to provide for the treatment of customs duties in Pulau 1 relating to the importation, exportation and transportation of goods.

The proposed new section 163AA seeks to provide that the provisions of Act 235, other than sections 81, 82, 83, 84, 85, 86 and 87 and paragraph 87A(1)(b), apply to goods which were transported from Pulau 1 to the principal customs area or from the principal customs area to Pulau 1.

This *Clause* also seeks to provide that Part XII of Act 235 apply to goods which were transported to or from Pulau 1 from or to the principal customs area, and to persons and vehicles, vessels and aircrafts transporting such goods.

The proposed new section 163AB seeks to require any person in charge of any vehicle, vessel or aircraft on which goods are transported from Pulau 1 to the principal customs area to make a declaration of the goods transported in such vehicle, vessel or aircraft.

The proposed new section 163AC seeks to provide that goods declared by the Minister under the proposed paragraph 163z(1)(a) are deemed to be non-dutiable goods while in Pulau 1.

The proposed new section 163AD seeks to empower the Minister to make regulations under section 142 of Act 235 to provide for certain matters in relation to Pulau 1.

The proposed new section 163AE seeks to provide for the application of provision of Part X of Act 235 which deals with drawback on goods declared by the Minister under the proposed paragraph 163z(1)(a), transported from the principal customs area to Pulau 1.

7. Other amendments not specifically dealt with in this Statement are minor or consequential in nature.

FINANCIAL IMPLICATIONS

This Bill will involve the Government in extra financial expenditure the amount of which cannot at present be ascertained.

[PN(U2)3374]